EXHIBIT N

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY
CIVIL ACTION 2:03-cv-01214-DRD-SDW

IN RE: HONEYWELL ERISA LITIGATION : TRANSCRIPT OF PROCEEDINGS

M O T I O N

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Date: July 19, 2005
Newark, New Jersey

B E F O R E: HONORABLE DICKINSON R. DEBEVOISE,
SENIOR UNITED STATES DISTRICT JUDGE

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Pursuant to Section 753 Title 28 United States Code, the following transcript is certified to be an accurate record as taken stenographically in the above entitled proceedings.

MOLLIE ANN GIORDANO
Official Court Reporter

THE COURT: Good morning. I gather you've given your appearances to Miss Giordano, so we're ready to proceed.

Let me ask before we start in, the gentlemen back here, are you here to make any comments about the settlement?

VOICE: No, sir.

THE COURT: All right. So we have nobody appearing at this point anyway to address the approval of the settlement? Any other applications? All right, well, Miss Rodriguez, are you presenting this?

MS. RODRIGUEZ: Actually, your Honor, Mr. Meltzer will be presenting on behalf of the plaintiffs today.

THE COURT: All right. Mr. Meltzer, go ahead.

MR. MELTZER: Good morning, your Honor. We are very pleased to be here today. We are here to present the settlement in all the claims in the Honeywell ERISA litigation. The settlement is a product of a rather lengthy, sometimes rather intense negotiations between the parties. Your Honor, to summarize what the settlement provides for, monetary and structural relief. On the monetary side, it calls for 14 million dollars to pay into the Honeywell plans. It will be distributed to the participants and further pro rata share, and in accordance with how much they may have lost due to their investments in Honeywell stock. Your Honor, if I could, one bit of housekeeping. We had submitted a plan.

THE COURT: And I gather you propose not to pursue that this morning?

MR. MELTZER: That's right.

THE COURT: We will address that question later.

MR. MELTAER: It's largely worked out, and I think there's some details that I think we need to finalize, and the parties will get together and submit something in due course.

With respect to the structural part of the settlement, previously the Honeywell plan provided that participants cannot invest their honey in anything but Honeywell stock until they were 55, and had accumulated 10 years of service in the plan. Those restrictions have been lifted or unlocked, so to speak, so now participants can move their money about in any of the plans in investment alternatives.

The other motion before your Honor today is counsel's motion for fees, expenses, and payment of case contribution orders; namely, plaintiffs.

With respect to the motion for approval of settlement, we seek the Court's finding that the settlement is fair, adequate, and reasonable under Rule 23 and the Third Circuit standards. We also seek final certification of settlement class, and I can give you a brief background of the litigation to this point.

THE COURT: All right.

MR. MELTZER: Okay. The cases were initially filed in March, 2003. They allege breaches of fiduciary duty under

ERISA, specifically Section 409 and 502 of ERISA. There were two cases filed. They were ultimately consolidated in May of 2003. There was a consoldation and organizational order entered by the Court. At that time, my firm and Ms. Rodriguez leads with the liaison counsel, and we secured certain documents, ERISA-related documents that relate to the governing of the plan. They are essentially the trust agreement and all the governing instruments under which the plans are operated.

We then continue by our investigation of the claims, and essentially to prepare the filing of the consolidated complaint. The consolidated pleading was filed on July 28, 2003. It is fairly long, it's fairly detailed, it essentially groups three sets of defendants, Honeywell International, members of the retirement plan's committee, members of the company's investment committee, and it sets out a variety of allegations relating to why Honeywell stock, at least plaintiffs allege, was imprudent during that period. Problems that the company was having related to certain mergers, Allied Signal mergers. Also a contemplated merger with General Electric. Claims for relief based on breach of fiduciary duties under ERISA; to monitor fiduciaries under ERISA; and also prohibit transactions.

Following the filing of that consolidated pleading, that touched off some motion practice. Defendants moved to dismiss the complaint, and we of course opposed it.

THE COURT: You're familiar with what took place here in court?

MR. MELTZER: That ultimately resulted in oral argument before your Honor, and ultimately an order granted in part, denied in part, defendant's motion.

At that time the parties were also engaged in class certification discoveries as a result of the magistrate waiting to enter an order bifurcating discovery in the matter. We were engaged in propounded discovery, compounded discovery. We had several meet and confer sessions, some rather lengthy, some rather contentious, but we ultimately framed a couple of issues for the Court. We had a couple of motions to compel pending the time the settlement was reached.

The other aspect of the litigation that I would point out is that the ERISA plaintiffs and counsel here today appear before your Honor in the securities case because there was some questions if they were reached in their case.

THE COURT: What was the settlement figure in that case?

MR. MELTZER: In the securities litigation?

THE COURT: Yeah.

MR. MELTZER: I believe it was a hundred million dollars.

Yeah, we appeared at the fairness hearing in the securities litigation to make sure the relief was not -- could not be read to the certain defense in this litigation. Settlement discussions began sometime in the spring of '04, and frankly, your Honor, I believe they were touched off by an inquiry you made during the contest of a securities hearing as to whether class counsel in the ERISA case has begun a settlement dialogue. And we're appreciative of that fact, because sometimes that's just the kind of push the parties need to talk about settlement in a fruitful way. We had rather protracted settlement discussions.

There is essentially two grounds, if you will, in negotiation. We had asked your Honor to refrain from issuing his opinion on the motion to dismiss, sort of insuring the maximum amount of uncertainty while settlement talks were proceeding. We reached an impasse at some point. We then contacted your Honor and asked that you issue your opinion. And after it's received, we sort of picked up on settlement negotiations at that time.

Beyond the settlement, we went over the terms of the actual agreement. We proceeded with some confirmatory discovery that involved largely the production of. Corporate minutes, there are two committees I mentioned before, Retirement Plan Committee that deal with operations an administration of the plans. We reviewed some of those minutes. We talked to a large --

THE COURT: How far will discovery proceed in the securities class action? Have they gotten into merits discovery.

MR. MELTZER: My involvement was limited, your Honor. But as I understand it, I think they were well into merits --

THE COURT: Well, the point of my question is, were you able to draw on the information and discovery in that case to assist you in this case?

MR. FRANCIS: Judge, if I may, I was the only one who was in both cases. There were a limited number of depositions in the securities litigation, fair amount of document discovery, and very little depositions.

THE COURT: And the document discovery?

MR. FRANCIS: Yes, yes, a fair amount of that.

MR. MELTZER: The only thing I can say, your Honor, in direct response, I didn't have access to anything that went on in the securities litigation, with the exception of pleadings that were filed.

THE COURT: And there were motions filed --

MR. MELTZER: Right.

THE COURT: -- in that case. And I assume you've followed whatever was going on in the court?

MR. MELTZER: Yes, especially with respect to settlement. You do what you have to do.

THE COURT: All right.

MR. MELTZER: Beyond that, that's sort of where our involvement ended.

THE COURT: All right.

Well then, what was the data on which you relied in determining the merits of your case?

MR. MELTZER: Your Honor, we got both the ERISA-related documents, we did a lot of precomplaint sort of informal discovery. Anything that we were able to obtain from probable available sources, SEC filings, the DOL, anything that we got from the defendants, both before the complaint was filed and in the context of discussing settlement. That's the kind of information we relied upon. There included information with regard to the insurance that the company had taken out for fiduciary claims, it included information regarding the plans, purchases, and sales of Honeywell stock during the time period. Again, the minutes of the committees that were assessing the propriety in investing in Honeywell stock were produced the day after the agreement was reached in a confirmatory capacity. There was, in addition to whatever we got in the context of class certification, the discovery, in the way of discovery responses. Frankly speaking, I'm not sure how much that dovetails to the merits of the claim. It did somewhat, but that's not entire overlapping.

THE COURT: All right.

MR. MELTZER: There was a fairly substantial amount of information that we were -- that we had access to, both in the context of preparing for our complaint and the motion practice, and in proceeding with settlement negotiations that I think span settlement -- six or seven months.

THE COURT: Good. Okay.

MR. MELTZER: Your Honor, I would just like to touch real briefly on the structural relief part of the settlement. We are particularly pleased with that. There is a -- there is a report that we would draw your Honor's attention to that we've submitted with our approval papers. It's from a Professor Ramaswamy. He is a professor -- he sort of is a specialist in trying to quantify what value it brings. He puts a broad range in terms of value, less concerned about what the actual value is, and more concerned that people are going to be able to kind of spread our investments out over a variety of investments, especially if they see some kind of down turn in any particular sector of the market. It helps to mitigate against these kinds of claims going forward, otherwise I can rely on the submission, and we're not seeking a fee on the value that he quantifies, fairly large.

THE COURT: And it's pretty speculative --

MR. MELTZER: Yeah, it is.

THE COURT: -- value?

MR. MELTZER: Well, it's speculative in one sense because obviously you're not dealing with people and their investment decisions in the future. And on the other hand, it's fairly empirical, and it's at least well reasoned, and it's actually based on actual data.

With respect to settlement as a whole, both the monetary and structural components of it, we would ask that the Court enter a finding that it's fair, reasonable, and adequate, under Rule 23E, within the Third Circuit. There is a nine factor test. Frankly, preliminarily, your Honor, the settlement is presumptively fair under Third Circuit case law. It was negotiated at arm's length. There was sufficient discovery so counsel could assess the merits, and counsel has experienced a similar action, and only a small portion of the class objected. And those are inadequate notice to the class participants, and I'll touch on that in a second. Those are the elements for sort of a presumptive finding of fairness.

With respect to notice, the notice in this case, and it's a non-class, those standards are lower or somewhat relaxed. Frankly, the notices in this case were outstanding. There were individual notices mailed out to over a hundred thousand participants. There was publication in the USA Today, the Minneapolis Star Union. There was a web site that we made available through the claims administrator which gave everybody information regarding the settlement, including court documents, that had twenty-thousand, two hundred hits in the small amount of time since notice was effectuated.

Despite the notice efforts, there were roughly 18 objections, as I counted them. Given the size of the class, that's a rather small number.

With respect to the Dirsh factors, I can run through those fairly quickly. The first factor, and this is the nine-factor test that the Third Circuit has enunciated, I think it's a 1975 case, but it's been reiterated and reiterated. The first factor is complexity and likely duration of the litigation. Your Honor, these are fairly novel claims, and these are fairly new lines of cases. The case law, as your Honor probably knows from issuing the opinion, is very unsettled. There is a lot of inherent complexities. Courts in this district alone have noted the difficulties in trying to prove one of these cases and advance it all the way to trial. The expense and likely duration of the litigation, had we not settled at this point, the litigation probably would have gone on for at least another year. And a factor of that, the expense would have been very considerable. Experts in this kind of case alone are in the hundreds of thousand of dollars. Document production would have cost some factor of that. So that factor militates in favor of approval of the settlement.

The second Dirsh factor is the reaction of the class to the settlement. As I say, your Honor, there were roughly 18 objectors. Given the size, winds up to be .01 percent of the class. The other thing to note about the reaction of the class, some say too little in terms of settlement, some say it's far too much. We seem to obstruct that.

THE COURT: Well, I guess you had a few people who just don't like class action or class action lawyers.

MR. MELTZER: Unfortunately, your Honor, the person in my position is always the case. There are always people who are dissatisfied with the way Rule 23 operates. By and large the class is -- by not objecting is sort of affirming the reasonableness of the settlement, and I think that factor also militates in favor of the finding fair and reasonable. The proceedings and the amount of discovery, as we discussed previously, the case was settled after your Honor issued the motion to dismiss. Class certification, the discovery was ongoing at the time. The class, as I addressed briefly, earlier, class certification and discovery was proceeding because it hadn't bifurcated at that point. Merits discovery has been stayed, despite our objection. We lost on that one. Class certification discovery was determined first, and then subsequent to a finding on class certification, we were to move into merits discovery. We had discovery that was produced informally] before the complaint was filed. We had a lot of publicly available information. We had dozens and dozens of participants who had contacted my firm, who gave us information. We also ad information that was produced in the context of negotiating the settlement. All of those factors essentially amounts to us having clearly a considerable amount of information and enough information that we can assess the propriety of moving forward with this settlement today.

The fourth and fifth test of the Dirsh test is showing liability. These are difficult cases, as I touched on briefly. There is a dirth of case law with respect to whether the cases are meritorious and can go forward on any number of fronts, whether it's in the face of a presumption or in terms of standing to bring the claims. There is a District Court opinion, your Honor, in this district shortly before you issued your opinion on the motion to dismiss, which dismissed all the claims in analogous actions based on standing and the inability to proceed in this type of action. There is a limited number of circuit court decisions that guide us. And frankly, I have felt we had strong claims with respect to liability, as the defendants I'm sure think they have very strong offenses with respect to liability.

In terms of damages, this particular case is not a sort of fraud of the century, if you will. It's not an Enron or Worldcom. It's not a case where the company spiraled into bankruptcy. I think the close, the trade was somewhere up to forty dollars a share. It's obviously a viable company. Factor that with the sort of performance of the stock, visa-vis the market during the time period, and whether it underperformed or out performed certain indexes, damages would be a very difficult proposition for us to prove. There was a drop in the stock obviously between the beginning and end of our class period. Whether we could tie that to the specific fiduciary action or inaction, obviously is something that we would only ote if we proceed through an entire trial. But based upon our experience in other cases, this was a difficult case in terms of trying to prove up the actual damages. And frankly, your Honor, if you look at the memorandum that the defendants filed yesterday, we would have been lucky to prove any damages at all, based on the statements made in that memorandum.

The sixth Dirsh factor is the risk of maintaining a class action through trial. Frankly, your Honor, I think the class would have been certified. I think these cases make for perfect class actions under 23D-1. I think they said all the elements of 23A pretty clearly, and the cutting against that of course is that the defendants had already undertaken a very aggressive class certification. And in light of that, they would have attacked the accuracy of our named plaintiffs. We were preparing for depositions at the time we settled. There was certainly a risk that we wouldn't be able to maintain a class at trial, albeit I think a small one.

The seventh Dirsh factor is the ability of the defendants to withstand a greater judgment. Your Honor, we don't challenge whether Honeywell could sustain a greater judgment than what we would have secured here. This factor standing alone doesn't preclude the entry of a settlement. I think the waiver and anti-trust case in the Third Circuit, just because the company could pay more, doesn't mean that the settlement shouldn't be approved. You have to look at all the other compliments and all the other factors.

The eighth and ninth factors within the Dirsh test are the range of reasonableness of the settlement in light of the best possible recovery and the range of reasonableness of the settlement fund to possible recovery in light of the attendant risks of litigation. Frequently they are analyzed together. The Third Circuit has pointed out that this settlement, these factors should be interpreted essentially as to whether the settlement represents a good value for a relatively weak case. In light of some of the problems, not only in terms of the law, but as they apply to the facts of this particular case, clearly a solvent company and very viable company. I think this is an excellent result, both in terms of securing almost all the fiduciary liability policies, despite the fact that there was a denial of coverage and very -- essentially, when you -- base it again on the risk that we wouldn't be able to get anything at all, it's an excellent recovery. And when you base it against the best possible recovery, and the problem we would have, I think again the factor is clearly supportive of approving the settlement.

Finally, the motion for approval seeks final certification of the settlement classes. Obviously it's not opposed by the defendant's settlement classes. Any person who is a participant in the --

THE COURT: I don't think you have to read the definition over.

MR. MELTZER: That's set forth in the papers. We think it clearly meets all the Rule 23 requirements, and we would seek certification of the settlement class under 23A, and then 23B(1) and B(2).

THE COURT: All right.

MR. MELTZER: There's all I have with respect to approval, your Honor.

THE COURT: Then we get to the application for fees and expenses.

MR. MELTZER: Okay.

Your Honor, we submitted a motion for attorney's fees, reimbursement for expenses and case contribution. We requested 25 percent of the settlement fund that nets out to 3.5 million dollars, as well as reimbursement of forty-three thousand, eight hundred and eighty-seven dollars in expenses as well as an award of twenty-five hundred dollars for each of the named plaintiffs.

THE COURT: In the securities class action I awarded 20 percent.

MR. MELTZER: Yes.

THE COURT: Is there some reason why there should be a higher percent in this case than in that case?

MR. MELTZER: Your Honor, the answer I guess is, given the higher number, sometimes when you have higher awards, courts will take the percentages down and the Third Circuit called it frankly the range of settlement. The fee awards in these types of cases have been between 20 and 30. I think 25 is reasonable. I think it is, in light of the multiplier, it is certainly reasonable. I think these are a little more novel in terms of whether we'd ever be able to to recover anything, including our times, as opposed to security litigation --

THE COURT: You see a greater risk.

MR. MELTZER: There's somewhat of a greater risk in this action. Beyond that, I think -- you know, if you look at the factors, the Third Circuit sets out, I think, given the complexity, and I think your Honor said the risk of not payment all at all, and there was a fairly substantial risk of nonpayment, particularly after that District Court opinion in New Jersey that dismissed the claims, which came down before -- before we settled. I think that militates in favor of a slightly higher percentage, especially when you couple that with the fact that it's a smaller aggregate amount, which doesn't require sort of a slide back. They call it a slide back on a mega settlement fund. And there's also fairly -- again, I believe very substantial and valuable structural relief that is attendant to the settlement, for which we're not seeking any fee at all.

THE COURT: All right. And I guess that's to the -- to the case contribution payment to the named plaintiffs. I don't see that as much of a problem. How many named plaintiffs do you have?

MR. MELTZER: Six.

THE COURT: All right. I guess that's all the applications you've got.

MR. MELTZER: I believe so.

THE COURT: Mr. Francis.

MR. FRANCIS: Your Honor, Mr. Eccles has a few brief remarks to make.

MR. ECCLES: Thank you, your Honor. And I will be brief.

Let me exercise the main points why we think this settlement should be approved. First, it's clearly an arm's length settlement. This was an adversarial process the way it's supposed to be. I say not at all uncivil, but contentious is not a bad word to use. We were litigating this hard and the settlement stopped there. It's also that both Mr. Meltzer's firm and my firm have many other cases that look a little like this, and we've been through this, and have the able to assess what cases are worth, and what cases should go forward. And from a procedural viewpoint, I don't think that's any question that all the class proceedures and notice were more than adequate to provide notice to the class.

From our point of view, and we put this in submission, so I'll be very brief, from the defendant's point of view, we thought we had terrific defenses. And the court defense in a nutshell was the stock market went down, and the Honeywell stock went down with it, and there's nothing extraordinary about that. No fraud, no nothing else. And we cited that one of the other funds, a gross equity fund within these plans the participants could have put their money in, actually it went down more than the Honeywell stock over each of the three big years involved here.

And so we thought we had an excellent set of defenses, your Honor. But like most cases, nothing certain, except that they'll be a lot of expenses, I think an additional year of litigation would have been an extremely optimistic viewpoint. There would have been a lot of depositions and a lot more document discovery. And so from our viewpoint, it made sense for both sides to get together and talk, and that's exactly what we did. And reached a settlement, which I think is definitely an arm's length settlement, definitely a fair settlement to the class.

The one other point we make, your Honor, is although some of the objectors did focus on the fees, which is not our issue, it's a separate issue from the fairness of the rest of the settlement, and I think will effectively get taken care of when the Court approves whatever fee is fair. And unless the Court has questions with that, we ask the settlement be approved.

THE COURT: All right. Thank you.

Anyone else at the counsel table want to speak.

MR. MELTZER: Only to point out for the record, and I think Mr. Eccles knows this, to the point where I was contentious, to the extent I say contentious, and it was not well taken on the other side, it was not my intent. It was a hard fight, I should have said.

THE COURT: I didn't take it in any invidious sense. Is there a Mr. Smith in the courtroom? I think he filed a notice and wanted to be heard. All right. And there's nobody else who has appeared either in favor of, or in opposition to the settlement.

I think it's important or useful at least to resolve the matter at this point, so I'm going to impose upon you to read a rather lengthy opinion into the record. I'll reserve the opportunity to correct any transcript which results from that before it's officially made a part of the record.

This action was commenced on March 17th, 2003, when Plaintiff Richard Ramseyer, a participant in the Honeywell Savings and Ownership Plan I, filed a class action complaint asserting claims under the Employee Retirement Income Security

Act of 1974 (ERISA). The Ramseyer action sought relief for losses to the Honeywell Savings and Ownership Plans I and II, (collectively the "Plan"). On May 8th, 2003, the Ramseyer action was consolidated with Freund v. Honeywell International, Inc., et al., 03-cv-1626 (District of New Jersey), a related action involving similar allegations and claims. The order of consolidation also appointed Shiffren & Borroway, LLP and Trujillo Rodriguez & Richards, LLC as lead and liaison counsel for plaintiffs, respectively. Plaintiffs filed a consolidated complaint for breach of fiduciary duty on July 28th 2003.

After extensive investigation, and a motion to dismiss the complaint, a hearing on the motion, class discovery and settlement discussions, the parties arrived at a settlement. Upon motion of the plaintiffs, the Court preliminarily approved the settlement, conditionally certified a settlement class pursuant to Federal Rule of Civil Procedure 23, approved a notice plan and scheduled a final fairness hearing. The case is now before the Court for certification of a settlement class, a ruling upon the fairness, reasonableness and adequacy of the settlement, approval of the cash contribution awards for named plaintiffs, and award of attorneys' fees and expenses. Originally plaintiffs moved for final approval of a plan of allocation, but both plaintiffs and defendants have requested this motion be a adjourned for a brief period to permit refinement to be made in the plan.

First, proceedings. The consolidated complaint names the defendants Honeywell, members of the Company's Retirement Plans Committee, members of the Company's Pension Investment Committee, and Michael R. Bonsignore, Chairman and CEO of Honeywell from April 2000, through June, 2001. The consolidated complaint alleges, inter alia,, that defendants breached their fiduciary duties by allowing the Plan to purchase and hold Honeywell common stock at a time when Honeywell stock was an imprudent investment. In particular, plaintiffs allege that the Plan was allowed to accumulate and maintain, through company-encouraged participant investments and company-matching contributions, a large position in Honeywell common stock.

According to plaintiffs, such a heavy single-equity investment, in addition to being inherently risky, was particularly imprudent, given the persuasive problems that beset the company stemming from the consummated Allied Signal transaction, and the failed General Electra merger, the ramifications of which defendants were fully aware. Further, plaintiffs allege that Honeywell and certain individual defendants made material misrepresentations through Securities and Exchange Commission filings and other public pronouncements, and withheld pertinent information, that compromised participants' ability to make informed investment decisions. When the company finally disclosed that the Allied

Signal transaction resulted in expensive operational problems and substantial customer losses, and that the General Electric merger would not be effectuated, the Plan's assets were depleted as the value of the Honeywell stock declined.

The consolidated complaint further alleges that defendants are liable under ERISA as a result of their: One, engaging in prohibited transactions involving the Plan's assets with parties-in-interest; two, failing to properly monitor and provide material information to the Pension Investment Committee; three, allowing or abetting fiduciary breaches of their cofiduciaries; and four, failing to avoid or remedy inherent conflicts of interest between their corporate interests and their fiduciary responsibilities to the Plan under ERISA. The consolidated complaints seeks plan-wide relief under Section 409 and 502 of ERISA.

Plaintiffs' counsel conducted a thorough investigation into these allegations. They reviewed documents produced by defendants and publicly-available materials related to the company and the Plan. They analyzed specific corporate transactions and interviewed Plan participants. In addition, counsel derived certain information from a securities class action initiated in 2000 in this court and which involved many factual allegations relevant to the claims in this action. In re Honeywell Securities Litigation, No. 00-3605.

Defendants vigorously contested the litigation. On

September 29th, 2003, they filed a motion to dismiss. After extensive briefing, oral argument was heard on January 26, 2004, after which there was further briefing.

During this period the parties engaged in a extensive litigation concerning class action discovery issues. On January 14th, 2004, Magistrate Judge Wigenton, over plaintiffs' objections, bifurcated class and merits discovery, staying merits discovery pending resolution of plaintiffs' motion for class certification.

Also during this period the parties to the parallel Securities Class Action settled. It was necessary for plaintiffs' counsel in the instant case to ensure that the settlement in that action and its release of claims did not affect plaintiffs' ability to pursue relief in this case.

Beginning in the spring in 2004, the parties commenced settlement negotiations and exchanged information relevant to that subject, such as performance of Plan investments during the relevant period, insurance available to satisfy any possible judgment, including documents evidencing denial of coverage under the fiduciary insurance policy, settlement in analogous cases, the precise number of Honeywell shares held by the Plan, and demographic information for participants as a means of measuring the impact of proposed structural changes to the Plan.

The parties requested the Court to refrain from issuing its ruling on defendants motion to dismiss while settlement negotiations were ongoing. In early September 2004, the parties reached an impasse. Notified of this development, the Court on September 16, 2004, issued its opinion and order granting the motion to dismiss with respect to plaintiffs' prohibited transaction claims and claims for monetary relief under ERISA, Section 502(a)(3) and denying the motion in all other respects. In re Honeywell International ERISA litigation, 2004, U.S. District, LEXIS 21585, (District of New Jersey, 2004).

Upon issuance of the court's opinion, the parties resumed class certification discovery and resumed settlement negotiations. Ultimately agreement was reached, resulting in the agreement now before the Court for approval. Two, the proposed settlement.

The settlement agreement provides the defendants shall pay $14 million into an interest-bearing escrow account, (the "Settlement Fund"). The principal (less amounts expended for certain approved costs) will accrue interest between preliminary approval and distribution. The net amount of the settlement funds, including interest, and after payment of, and establishment of reserves for, any taxes and Court-approved costs, fees and expenses (including and Court-approved compensation to be paid the named plaintiffs), will be paid to the Plan. After payment of implementation expenses, the remaining amount will be allocated to the Plan accounts of members of the settlement class according to a Plan of allocation to be approved by the Court.

In addition, the settlement agreement provides for certain structural changes in the Plan. The operative documents of each Plan will be amended to state that each Plan participant who is or has become one hundred percent vested in his or her Company Matching Contribution Account shall have the right to direct the investment of his or her Company Matching Contribution Account balance in the same manner and among the same investment alternatives as are available for the investment of employee contributions to the respective plans. This provides participants with the ability to diversify rather than being required to remain invested in Honeywell stock. Plaintiffs retained Professor Krishna Ramaswamy of the Wharton School at the University of Pennsylvania to analyze the structural term of the settlement and estimate the value to the Plan and its participants of the unlocking of Company matching contributions, past and future. The expert provided a detailed report of his analysis and estimated that allowing the Plan's participants to diversify company-matching contributions previously "locked" into Honeywell stock would provide a benefit of between $34.1 million to $211.4 million, depending primarily on the percentage of the Plan's Honeywell equity investments originating from company-matching contributions.

The notice to Plan participants advised that class counsel would file a motion for payment of attorneys' fees of up to 30 percent of the settlement fund, plus expenses of litigation, notice and settlement administration, and case contribution awards for the named plaintiffs.

Three, class certification. Plaintiffs urge certification of the following class for settlement purpose. "Any person who was a participant in the Honeywell Savings and Ownership Plan I and II and/or the predecessor Plan named the Data Instruments, Inc. Employee Stock Ownership Plan, the Honeywell DMC Savings Plan, and the Honeywell Savings and Stock Ownership Plan (collectively the "Plan" or "Plan,") at any time between December 20, 1999 and February 28, 2005 (the "class period") and whose Plan accounts included investments in the Honeywell Common Stock Fund, or a beneficiary, alternate payee representative, or successor-in-interest of any such person (the "settlement class")."

Rule 23(a) sets forth four prerequisites to class certification: One, numerosity; two, commonality; three, typicality; and four, adequacy of representation. Each of these requirements is met.

The class is sufficiently numerous because the number and diverse location of putative class members is such that it is impractical to join all of the class members in one action. There are more than 100,000 potential class members, which clearly satisfies the numerosity requirement.

There is commonality when the proposed class representatives share at least one question of law or fact with the claims of the prospective class. In the present case, the principal question of law and fact applicable to all participants is whether the defendant breached fiduciary duties owed to the Plan and its participants in allowing the maintenance of existing, and addition of new, heavy investments in Honeywell common stock when defendants knew or should have known of its operational problems and accounting irregularities which negatively affected the prudence of Honeywell stock as an investment of the Plan during the class period. It is unnecessary to catologue the several other commons question of law and fact that exist as to all members of the class and predominant over any questions affecting solely individual class members.

The proposed class representatives' claims arise from the same event or course of conduct that gives rise to the claims of the other class members and are based on the same legal theories. Class plaintiffs share the incentives of the absent class members to pursue this action to its conclusion. Typicality can be met in class actions brought for breaches of fiduciary duty under ERISA and is met here. In re Ikon Office Solutions, Inc., 191 Federal Rule of Decisions, 457, 465 Eastern District of Pennsylvania, 2002). Each class member was an employee of Honeywell, a participant in the Plan during the class period, and had part of his or her individual Plan investment portfolio invested in Honeywell stock during that time. All Plan participants sustained injury arising out of defendants' alleged wrongful conduct and plaintiffs bring their claims pursuant to ERISA Sections 409 and 502(a)(2) for Plan-wide relief; so any relief obtained for such claims would enure to the Plan as a whole and, derivatively, its participants during the class period.

The class representatives meet the adequacy requirement of Rule 24(a)(4). They have represented and will represent the members of the class so as to fairly and adequately protect the interest of the class. The named plaintiffs have no interest antagonistic to the class and are in the same position as all all other members. Class counsel, Schiffren & Barroway, LLP has had extensive experience in litigating complex ERISA breach of fiduciary duty class actions.

While it is necessary for class certification to qualify under only one of the requirements of Rule 23(b), plaintiffs in the instant case qualify under all three.

They qualify under Rule 23(b)(1)(a) and (B). The relief to be accorded is Plan-wide. Failure to certify could expose defendants to multiple lawsuits and risk inconsistent decisions. Failure to certify would create the risk that future plaintiffs would be without relief. Rankin v. Rots, 220 Federal Rule of Decisions 511, 523 (Eastern District of Michigan,);, Ikon 191 F.R.D. at 466.

Although the proposed class meets the requirements of Rule 23(b)(2), and Rule 23(b)(3), no further discussion is warranted, as the Court will rely on Rule 23(b)(1) alone.

In sum, the action will be certified as a class action under Rule 23(a) and (b) on behalf of the plaintiffs' proposed class.

Four, Objections to Settlement. Eighteen persons have lodged specific objections to the settlement terms and/or to plaintiffs' request for attorneys' fees and expenses, and case contribution awards for the named plaintiffs. One person, Mr. Steven K. Smith, wished to be heard at the hearing to express his objections. He did not appear at the hearing. These 18 objectors represent .016 percent of the more than one hundred and fifteen thousand settlement class members to whom individual notice of the settlement was sent. The Court has read and considered each objection with care.

A few are from persons who object to this class action proceedings per se, either because they do not believe in class actions as a matter of principle, or because the concept of awarding substantial attorneys' fees to attorneys who take on class action cases offends them, or because they believe Honeywell voluntarily turned over shares of its stock to the

Plan, and employees who benefited from these contributions should not sue their benefactor Honeywell. While these views are entitled to respectful consideration, they have in effect been rejected when the Court did not grant defendants' motion to dismiss and proceeded with the case. They cannot be advanced again at this time.

There are objections either to the settlement or to the payment of attorneys fees. The objections must be treated with utmost sympathy, because they are submitted by persons who believe that they have been grievously injured by the conduct of the defendants as charged in the complaint. Some are by employees who had worked loyally for the company for many years and had counted on their interests in the Plan to provide comfortable old age, an expectation that in some cases has not been fulfulled. A few others assert that they had been close to the management of the Plan and had expressed doubts about the way they were being handled during the class period, warnings that had been ignored.

The objections generally address three aspects of the settlement. A number of them attack the adequacy of the settlement award, others challenge the 30 percent potential attorneys' fee request; a few challenge payment of a cash contribution award to the named plaintiffs. In their submissions, plaintiffs have discussed each objector's contentions, explaining why they believe they are not a basis for rejection of the proposed settlement. Each of these objections will be addressed generally in the context of the discussions of these subjects in the sections of the opinion that follow.

Five, Fairness, Reasonableness and Adequacy. The fairness reasonableness and the adequacy of the settlement agreement is supported by the prevailing circumstances. Settlement of disputed claims, especially those advanced in complex class action litigation, are favored by the courts. The Court of Appeals affords an initial procedural presumption of fairness of a settlement if adequate notice was given to affected members of the proposed settlement class and "if the Court finds that (1) the negotiations occurred at arm's length; (2) there was sufficient discovery; (3) the proponents of the settlement are experienced in similar litigation; and (4) only a small fraction of the class objected."

In re Cendant Corporation Litigation, 264 F. 3d 201, 223, Note 18 (3rd Circuit 2001). As described above, each of these four factors was fully met in this case.

Beyond these procedural criteria, courts in this Circuit apply the nine-factor test enumerated in Girsh v. Jepson, 521 F. 2d 153, 157 (3rd Circuit 1975). Applying these factors, the Court concludes that the settlement for $14 million in cash, plus significant structural changes in the Plan, is fair, reasonable and adequate.

A. Complexity, expense and likely duration. All defendants have denied wrongdoing and liability. They vigorously through able counsel, defended the action up to the point of settlement and would no doubt continue to do so, absent a settlement, defending through continued class action and merits discovery, class certification, objections, trial, and, if unsuccessful at trial, on appeal. This action is complex and raises novel issues in the ERISA context, issues that have not been decided definitively by the Supreme Court and Courts of Appeals. If successful, plaintiffs' ultimate recovery would be delayed for years during which enormous attorneys' fees and expenses would be incurred. Settlement ensures prompt payment and enjoyment of the restructured provisions of the Plan.

B. Reaction of the Class to the Settlement. As noted above, only .016 percent of the more than one hundred fifteen thousand class members submitted objections to the settlement agreement, which reinforces the fairness and adequacy of its provisions.

C. Stage of Proceedings and Discovery. The extensive investigation of the circumstances of this case was described above. It is apparent the plaintiffs' counsel had full information relating to the merits of the case and were in a position to negotiate and evaluate the terms of the settlement.

D. Risk of Establishing Liability and Damages.

Plaintiffs' counsel who have thoroughly familiarized themselves with the facts of this case and the applicable law have concluded that the terms of the settlement represent an appropriate balance of the amount that might ultimately be recovered if successful and the risks of not recovering at all. There are novel and complex issues, some of which the Court recognized when it addressed defendants' motion to dismiss. ERISA law is in the process of development. In re Xcel Energy, Inc. Securities, Derivative & ERISA Litigation, 364 F. Supp. 2d, 980, (District of Minnesota, 2005). In re Global Crossing Securities and ERISA litigation, 225 F.R.D., 436, 459 Note 13 (Southern District of New York 2004). Computing damages raises distinct problems. Unlike securities law claims, ERISA provides relief for the imprudent purchase and holding of stock by a Plan during the class period. In re Ikon Office Solutions, Inc., 191 F.R.D. 457, 464 (Eastern District of Pennsylvania, 2000), but there is little law explaining the basic principle's application to the type of defined contribution Plan at issue here. Damages calculations in ERISA cases such as this one require a sophisticated computer model of the Plan involved and require consideration of a number of complex interrelated factors. The legal and factual complexities and uncertainties of calculating and proving ERISA damages point strongly towards approving the settlement.

E. Risk of Maintaining Class Action Through Trial.

There is always a risk that class action status might not be maintained through trial. If it could not be maintained, the value of the action would decline precipitously. The Court does not consider this to be a very serious risk and by itself it would not be a compelling reason to approve a settlement.

F. Ability of Defendants to Withstand a Greater Judgment. Undoubtedly Honeywell could withstand a greater judgment, but the other factors weigh sufficiently in favor of approving the settlement. The risks entailed in seeking a larger recovery through trial militate against rejecting the opportunity to receive prompt payment of a lesser sum.

G. Reasonableness of the Settlement Fund. One of the principal grounds of those who filed objections is that the case is being settled for an inadequate amount, specifically that plaintiffs should hold out for more than $14 million in cash and the changes in the Plan that will allow for greater diversification among the participant accounts. This is "in plaintiffs' counsel's estimation, an outstanding result." Considering the skill and extensive experience of counsel and the vigor with which this case has been pursued, this estimation is entitled to considerable deference.

The persons who object to the settlement are well aware of the losses incurred and the hurt that the losses have caused to Plan participants. They cannot be expected to be aware of the legal uncertainties in computing damages for recovery purposes and of the legal hurdles to be faced to secure any recovery at all. One objector urged that plaintiffs should have calculated how many additional shares of Honeywell stock the Plan should have been able to purchase if the company's equity was not inflated in the settlement class period and compare that to what the Plan held at the end of that period as an approach to estimating damages. It is relevant to note that the decline in value of the Honeywell Common Stock Fund was less in each of the three years of the 2000 through 2002 bear market than the decline in value of a diversified stock fund that was also an investment option under the Plan.

One objector noted that the Plan held about 10 percent of Honeywell's outstanding shares. Of significance, $14 million represents 14 percent of the monetary settlement reached in the related securities case which this Court approved some months ago. Further, the $14 million represents 93 percent of the company's fiduciary liability policy, an obligation which the insurance company originally disclaimed. Although no precise value could be placed upon the negotiated structural relief, the opinion of Professor Ramaswamy establishes that it is substantial, far more than the $14 million cash payment.

Weighing the various factors, the Court concludes that the settlement is fair, reasonable and adequate.

Six, attorneys' Fees and Expenses. Plaintiffs' attorneys seek fees in the amount of 25 percent of the total recovery and out-of-pocket expenses of $43,887.09 incurred since this lawsuit began. Several of the objectors filed objections to the maximum amount of 30 percent that the class Notice advised might be requested, but the Court will assume that the objections would be advanced to the 25 percent request. One objector contended simply that the case does not require extensive legal work or a complicated determination. Another would limit fees to what real estate brokers typically earn, namely 6 percent. Others objected on principle to fees being paid to attorneys who appear in class actions. Some simply objected to 30 percent as being too high a percentage.

It is understandable that lay persons cannot appreciate both the amount of work and the risk of receiving no fee that enter into representation in a class action case. In the present case, the work which the attorneys performed is described above. In accomplishing this work, the three law firms representing plaintiffs devoted 2223.6 hours of attorney and paralegal time (Schiffrin & Barroway LLP - 2212.6 hours; Brodsky & Smith, LLC - 28.3 hours; Trujillo Rodriguez & Richards, LLC - 82.70 hours).

It is universally recognized in the courts that attorneys who generate a fund of recovery for the benefit of a class should be fairly compensated. Boeing Co. v. Van Gemert

444 U.S. 472, 478 (1980). Application of a portion of the collected funds to the payment of attorneys' fees spreads the payment proportionately among those who benefited from the suit. It encourages attorneys to undertake these kinds of difficult cases.

The Court of Appeals for the Third Circuit as well as the courts of many other circuits have expressed a preference for awarding attorneys' fees from a common fund pursuant to the percentage of the fund method of calculation. In re Prudential Insurance Company Am. Sales Practices Litigation Agent Actions, 148 F. 3d 288, 333, (3rd Circuit 1998). This method is an alternative to the lodestar method in which a fee is computed by multiplying the reasonable number of hours the attorneys expended on the case by the rates charged by comparable attorneys in the area in which the services were rendered. To arrive at the ultimate fee, this lodestar figure is usually multiplied by a factor to reflect the degree of success, the risk of nonpayment the attorneys faced and perhaps the delay in payment that they encountered. But, as noted, the preference is for computing the award on the basis of a percentage of recovery, perhaps checking the result against a lodestar computation to ensure that it is not grievously out of line.

The amount of the percentage varies case to case, 15 percent, 20 percent, 25 percent, 30 percent, 33 1/3 percent, 38 percent having been awarded. Thiry percent or 33 1/3 percent is quite common. The Court has reviewed the various factors that govern the determination of an appropriate percentage and concludes that the requested 25 percent of the class recovery is reasonable, particularly in light of the fact that the value of the structural changes in the Plan is not included in the amount to which the percentage is applied. Gunter v. Ridgewood Energy Corporation, 223 F. 3d 195 (3rd Circuit 2000).

The proposed settlement appears to be favorable to the class, conferring the immediate benefit of $14 million plus accrued interest less attorneys' fees and expenses and the named plaintiffs case contributions. In addition, in the future each Plan participant who is or has become 100 percent vested in his or her Company Matching Contribution Account shall have the right to direct the investment of his or her Company Matching Contribution Account balance in the same manner and among the same investment alternatives as are available for the investment of employee contributions.

As described above, very few members of the class voiced objections to attorneys' fees with an upper limit of 30 percent. Eighteen out of the 115,000 to whom notices were sent filed objections, and not all of the objections were to attorney's fees. Understandably these few objectors were unaware of the principles that the courts have developed over the years for awarding attorneys' fees. The Court recognizes that very few class members are likely to analyze the notices which are sent to them. Despite every effort to make them readily understandable to lay people, they cannot help but be technical in nature, lengthy and complex. The vast majority of class members rely upon the good faith of the class representatives and their attorneys and upon the oversight role of the Court. Thus in the case where the class members do not include institutional investors an absence of a large number of objections to the Plan itself and to the requested attorney's fees is of limited significance. However, in the present case where the few objections filed did not raise substantial grounds to reject the requested attorney's fees, the absence of a significant number of objections and the lack of merit of the few objections that were filed are factors pointing towards approving the fee application.

Plaintiffs' counsel undoubtedly possess great skill and experience in this kind of case and have exhibited that experience during the course of these proceedings.

Unlike the typical securities fraud case, a field in which the law has well developed during the prior decades, ERISA class actions are a relatively new phenomenon, presenting complex issues as the courts deal with the complicated ERISA statute. Faced with this statute, counsel had to engage in extensive factual explorations and address legal problems both in the context of seeking class certification and during the course of the motion to dismiss. In this context both the merits and class litigation, and the settlement negotiations were conducted with experienced lawyers and powerful law firms on the opposing side. The Ramseyer lawsuit was commenced on March 17, 2003, and was consolidated on May 8, 2003. The consolidated complaint was filed on July 28, 2003. Intense investigative and litigation activity, described above, proceeded thereafter and continued until October, 2004 when a settlement was agreed upon. Had the case proceeded to additional class action and merits discovery its duration would have been greater, but one of the objections of the percentage of recovery method of computing attorneys' fees is to encourage early resolution of cases and to bring to an end continued litigation that would generate extensive efforts and increasing attorneys' fees.

The risk of not succeeding on the merits (which would result in no recovery by the class members and, of course, no attorneys' fees) was far greater in this case than in a typical securities fraud case. Apart from the usual difficulties in developing the factual predicates underlying the legal theory on the basis of which recovery is sought, in this, an ERISA case, the legal theories themselves are still subject to challenge. In particular, the application of long-standing fiduciary principles in the ERISA context has yet to be authoritatively developed. As the Court stated in In re Global Securities and ERISA Litigation 225 F.R.D 436, 456 (Southern

District of New York, 2004).

"The ERISA cases would pose additional factual and legal issues. Fiduciary status, the scope of fiduciary responsibility, the appropriate fiduciary response to the Plan's concentration in company stock and defendant's business practicse sould be issues for proof, and numerous legal issues concerning fiduciary liability in connection with company stock in 401(k) Plan remained unresolved. These uncertainties would substantially increase the ERISA cases' complexity, duration, and expense - and thus militate in favor of settlement approval."

The legal and factual contentions of the class members would be challenged vigorously by defendants' able counsel. The risks inherent in this case support approval of the settlement and approval of the attorneys' fees application.

Class counsel have described the work they have performed and the hours expended performing that work - specifically 2223.6 hours - see the foregoing sections of this opinion. They will have to continue expending time finalizing the settlement, overseeing claims administration and dealing with any appellate issues, should they arise. Without consideration of the additional legal work that will have to be performed the lodestar in this case is $937,160, and the requested fee represents a multiplier of 3.8. In fund in court cases multipliers have ranged from 1.7 to 2.66 to 3.15 to 6 and even higher. Prompt resolution of a case is often reflected in a higher multiplier, rewarding prompt recovery for the members of the class and discouraging unnecessary protracted litigation. If I were to compute the lodestar in this case for the purpose of actually computing the fee, I might have arrived at a somewhat lesser figure, finding that the rates the attorneys project to be somewhat high. However, I might well apply a somewhat higher multiplier, and the end result would be substantially the same.

Considering all these factors, I find that the attorneys' fees being requested are reasonable and they well be allowed. No objection has been raised to reimbursement of the attorneys' expenses totaling at least $43,887.09 as of the date of this application. They appear to have been reasonably incurred and will be allowed.

Seven, Named Plaintiffs' Case Contribution Awards. Class counsel seek approval of case contribution awards to the named plaintiffs in the amount of $2500 each. A few class members objected to the payment of these sums. However, the persons who agreed to be named as class plaintiffs undertook responsibilities in connection with the litigation. They had to provide information and subjected themselves to depositions to a greater degree than the other members of the class. Courts frequently allow modest compensation for the role on the occasion of the settlement of a class action. The modest cases multipliers have ranged from 1.7 to 2.66 to 3.15 to 6 and even higher. Prompt resolution of a case is often reflected in a higher multiplier, rewarding prompt recovery for the members of the class and discouraging unnecessary protracted litigation. If I were to compute the lodestar in this case for the purpose of actually computing the fee, I might have arrived at a somewhat lesser figure, finding that the rates the attorneys project to be somewhat high. However, I might well apply a somewhat higher multiplier, and the end result would be substantially the same.

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Eight, Plan of Allocation. A ruling on a plan of allocation will be deferred for a brief period.

Nine, Conclusion. For the reasons set forth above, an order will be entered: One, certifying the class; two, approving the settlement as fair, reasonable and adequate; three, approving class plaintiffs' attorneys' petition for payment of attorneys' fees and reimbursement of expenses; and four, approving the requested payment of a case contribution award for the the named plaintiffs.

Now, I have one problem here, what is the amount of the expenses which are being requested for reimbursement? I have two figures, one would seem rather enormous, four hundred thousand dollars, which I don't think is correct.

MR. MELTZER: No, your Honor. Forty-three thousand, eight hundred and eighty-seven dollars and nine cents.

THE COURT: All right. I must have had a typo here. That will be contradicted, and the figure which I now have will be inserted. Forty-three thousand, eight hundred and eighty-seven dollars and nine cents.

MR. MELTZER: Correct.

THE COURT: All right. That figure will be substituted for the four hundred odd thousand, which I stated previously.

THE COURT: We have orders and what not to be signed.

MR. ECCLES: Your Honor, assuming that the parties reach agreement on the allocation, is it agreeable to file consent orders rather than file a formal motion for approval?

THE COURT: I went over the plan of allocation as submitted, I saw nothing wrong with it. Does anyone have any comments on the plan, which I assume is a subject of what will be coming next?

MR. ECCLES: I think there are some expenses that were not considered at our end that need to be plugged in there. That's the only --

THE COURT: They seem to be fairly trivial. Well, maybe not to you.

MR. ECCLES: Well --

THE COURT: Maybe not to you.

MR. ECCLES: It's not going to change drastically.

THE COURT: Do we need a separate hearing?

MR. ECCLES: I don't think we need a separate hearing.

THE COURT: Could we just submit a consent order?

MR. ECCLES: Yes, your Honor.

THE COURT: I'll look at it and see if there's any other changes in my mind. I doubt that they would, what you hve given me.

MS. RODRIGUEZ: They're the proposed orders, both with regard to the settlement and the attorneys' fees.

THE COURT: All right. WeLL, let me see what you have here.

In the first paragraph, I'm going to add: For the reasons stated in the bench opinion. I'm going to add that after duly reached.

(Matter concluded)